

Message Text

UNCLASSIFIED

PAGE 01 LONDON 01706 031835Z
ACTION EB-08

INFO OCT-01 EUR-12 IO-14 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-02 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 SOE-02
OMB-01 DOE-11 ARA-14 NEA-10 EA-12 /161 W
-----034043 031840Z /45 13

R 311857Z JAN 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 2647
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY THE HAGUE
AMEMBASSY PARIS
AMEMBASSY ROME
AMCONSUL BREMEN
AMCONSUL MILAN
USMISSION GENEVA

UNCLAS LONDON 01706

PASS AGRICULTURE ELECTRONICALLY
BRUSSELS ALSO FOR USEEC
PARIS ALSO FOR USOECD
GENEVA FOR MTN
CORRECTED COPY - SIGNATURE
E.O. 11652: N/A
TAGS: EAGR, EC
SUBJECT: EFFECTS OF NEW EUA CONVERSION RATE ON US
TOBACCO ENTRY INTO UK
REF: LONDON 1587
SUMMARY: MAJOR TOBACCO COMPANIES CONTACTED WERE FAIRLY
CONSISTENT IN APPRAISAL OF EFFECTIVE 52 PERCENT INCREASE
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 01706 031835Z

IN TARIFF. SHORT TERM IMPACT WILL BE MINIMAL, LONG TERM
IMPACT APPEARS DISASTROUS.

1. THE TRADE HAS BEEN CONCERNED FOR SOME TIME ABOUT HIGH
US PRICES AND QUALITY. ESPECIALLY IN PAST 2 OR 3 YEARS,
USAGE OF US TOBACCO HAS DETERIORATED TO ABOUT MINIMUM,
DROPPING FROM A LEVEL OF 45 PERCENT TO PRESENT 25 PERCENT

IN BLENDS. THE ABSOLUTE MINIMUM BLEND LEVEL POSSIBLE WITH PRESENT QUALITY STANDARDS IS 20-23 PERCENT. CONSEQUENTLY, ONE COMPANY FORESEES NO CHANGE IN PURCHASES, ANOTHER EXPECTS A MODEST 10-15 PERCENT REDUCTION, AND ANOTHER PREDICTS A SLIGHT INCREASE IN PURCHASES AS THE PVOR QUALITY LAST YEAR DEPRESSED THEIR NORMAL LEVELS OF BUYING WHICH WILL HAVE TO BE MADE UP THIS YEAR.

2. IN THE LONG TERM (10 YEARS) ALTERNATIVES WILL BE FOUND AS THE PRICE DIFFERENTIAL WIDENS. US IS ON TOP OF THE COST CURVE AND GROWING. ARGENTINE, BRAZILIAN, KOREAN, SE ASIAN TOBACCO IS NOT ONLY ABOUT HALF THE PRICE BUT ENJOYING GSP TREATMENT, PAYING 45 PERCENT OF THE FULL RATE IN THEIR LOWER TARIFF CATEGORY. IT IS UNREASONABLE TO EXPECT THAT GOOD QUALITY SUBSTITUTES WILL NOT BE DEVELOPED EVENTUALLY. PRESENTLY, COMPANIES ARE LOCKED INTO BLEND FORMULAE BUT THE PROPOSED CONVERSION CHANGE HAS INTENSIFIED THE SEARCH FOR ALTERNATIVES TO US TOBACCO. BREWSTER.

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOBACCO, IMPORT CONTROLS, TARIFFS, REGIONAL ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LONDON01706
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: ALSO FOR USMTN
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780059-0494, D780047-0547
Format: TEL
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978014/aaaaacxc.tel
Line Count: 81
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4919c7e1-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 LONDON 1587
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10 feb 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3739607
Secure: OPEN
Status: NATIVE
Subject: EFFECTS OF NEW EUA CONVERSION RATE ON US TOBACCO ENTRY INTO UK
TAGS: EAGR, ETRD, UK, US, EEC
To: STATE USEEC MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4919c7e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014